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DIA and DOS review(s) completed.

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GENERAL

1. US position on Italian Navy--The State Department has instructed Dunn to accept the distribution of the excess units of the Italian Navy as the only solution on which agreement can be reached with France, Great Britain and the USSR. [REDACTED] The US position, however, is that the distribution should (a) be as limited as possible, (b) follow quadripartite agreement on the naval strength to be retained by Italy and (c) be arranged outside the peace treaty. Under these conditions the US would reluctantly agree to distribution provided: (a) that all ships requiring extensive repairs and all submarines are scrapped and (b) that excess units are divided equally among the US, UK, France and USSR. Possible claims by Yugoslavia and Greece could be met on a strict restitution basis before the allocation of ships for quadripartite distribution or by allocation from the share of one of the four powers.

25X1

2. Ala opposes withdrawal of Iran's case--Ambassador Ala has now discovered the fact that great pressure is being brought upon Qavam to instruct Ala to tell the Security Council that Iran agrees to the withdrawal of its case from the Council's agenda. [REDACTED]

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[REDACTED] Ala on 12 April told Stettinius that if he received such instructions he would refuse to execute them and resign.

3. Turkish reactions to MISSOURI visit--Ambassador Wilson reports that the visit of the MISSOURI (which elicited remarkable demonstrations of friendliness) has aroused official and popular hopes in Turkey that the US (a) in the interests of peace and security has established an independent policy in the Near and Middle East, and (b) has decided to oppose any Soviet efforts to destroy Turkish independence and integrity.

EUROPE-AFRICA

4. AUSTRIA: Soviets more friendly toward western powers since Konev's return--Both General Clark and the US political advisor in Vienna report that local Soviet authorities have been notably more friendly and cooperative with the representatives of the western powers since the recent return of Marshal Konev and General Zheltov from Moscow. The US political advisor comments that, while it is difficult to estimate how

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long this will last, the new Soviet attitude appears to reflect a definite shift of policy in Moscow.

5. YUGOSLAVIA: Soviet troop arrivals reported--MA Belgrade reports that a US Army officer personally observed the unloading in Belgrade on 7 April of 28 Stalin tanks (manned by Soviet troops) and 7 boxcars of supplies. Approximately 1500 to 2000 Soviet troops reportedly have arrived in Belgrade recently. (Recent MIS estimates have placed Soviet strength in Yugoslavia at 5000 miscellaneous service and maintenance troops.)

FAR EAST

3. CHINA: Kuomintang opponents in Manchuria--The US Consul in Mukden reports that opposition in Manchuria to the Kuomintang regime comprises four main groups, none of which were present in force at the time of the Japanese surrender: (1) the Communist 8th Route Army which follows the Yen-an line and is relatively nationalistic-minded, (2) the Chang Hsueh Shih autonomists who support the return of "The Young Marshal," (3) the Communist New 4th Army which inclines towards the Soviet rather than the Yen-an line, and (4) the Soviet-supported Communists in north and eastern Manchuria who are most sympathetic of all toward the USSR.

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THE AMERICAS

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9. ARGENTINA: Peron's views on US and USSR--US Charge Cabot reports the following recent statements by Peron to reliable UK and US sources: (a) Peron hopes for better relations with the US and is "determined to make them as friendly as possible;" (b) he hopes to buy a great deal of machinery and equipment in the US and has asked for British farm machinery; (c) the Soviets are very anxious to establish close commercial relations with Argentina and are making very attractive offers, including immediate delivery at acceptable prices of material removed by the USSR from Germany; (d) when Soviet representatives asked Peron what Argentina would do in the event of war between the US and USSR, Peron said he replied that he would do what the Americas did; (e) Peron indicated some apprehension that his followers might get "out of hand" and expressed concern over the cohesion and discipline of Argentine Communists.

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